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**PUCT DOCKET NO. 49794**

**RULEMAKING** § **BEFORE**  
**FOR** § **THE**  
**BROKER REGISTRATIONS** § **PUBLIC UTILITY COMMISSION**  
**OF TEXAS**

**COMMENTS OF RES NATION, LLC TO PUCT STRAWMAN**

RES Nation, LLC (RES), is one of the largest commercial electricity brokerage operations in the state of Texas. We have been in business for 11 years. We have filed our interim broker registration with the PUCT and are broker number 190275.

RES strongly objects to the overreaching and digressive requirements contained within staff's proposed strawman rules. Specifically, our primary concern is the requirement contained in new §25.486(d)(5) to disclose broker's fee structure. Such a disclosure would be a direct violation of existing confidentiality agreements between the broker and Retail Electric Providers (REPs). In the current market structure, broker fees are typically part of the pricing the broker has negotiated with the REP for its customers. If those end-use customers think that price point is too high, they will punish the brokers by taking their business elsewhere. Therefore, the market already has a solution for customers who believe the prices being offered by the broker are too high. There is nothing beneficial to be gained by requiring brokers to disclose either their fee or the methodology by which their fee is calculated (if that would make it readily easy to back into the fee, as would most certainly be the case.)

This rule provision, as it is proposed, would have the end result of putting brokers out of business. Since many of the smaller REPs use brokers almost exclusively to gain customers, the only beneficiary of this would be the largest (and former affiliate) REPs. That would result in less competition and less choice for consumers, which stands in direction opposition of deregulation efforts.

Finally, if brokers are required to disclose their fees, then retailers and generators should also have to disclose their margins and mark-ups.

**OBJECTIONS TO SPECIFIC RULES**

**Proposed New §25.112**

RES takes issue with the proposal that RES could have its broker registration suspended or revoked for "billing an unauthorized charge, or causing an unauthorized charge to be billed to a customer's retail electric service bill." RES does not bill customers. If RES enters into a relationship to bill a charge for its services and the REP agrees to bill that charge on the end use customer's bill, then ultimately, the REP bears liability in billing that charge accurately.

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**§25.472(b)**

RES believes it would be helpful for the PUCT to clarify that it is not a violation of this provision, if a broker were to sell its clients to another broker if it were exiting the market. Commission rules provide a mechanism for REPs to do this, and such an exception should also apply to brokers.

**Proposed New §25.486**

As discussed in our comments above, we believe the requirement to disclose proprietary information, (which includes both the fee we are paid and/or the methodology by which that fee is calculated), to customers is inappropriate and unnecessary. RES has no problem complying with a requirement to disclose the source of payment (i.e. the end use customer or the REP).

**§25.485(b)(4)**

As a broker, we are not responsible for complying with enrollment requirements, including the requirement found at §25.474(j), relating to the right of cancellation. If we are acting as an agent of the REP to enroll customers on their behalf, it is our understanding that the REP remains liable for ensuring compliance with this provision, which includes the requirement to provide 24-hour access for clients to rescind their decision to enroll with a REP.

**§25.482**

Again, RES typically provides its services as an agent of the REP. RES does not directly bill its end-use customers. As a result, RES would ask the PUCT to clarify that this provision should only apply to brokers who bill the end-use customer directly.

We appreciate the opportunity to participate in a dialogue on the broker requirements and would be happy to respond to any questions you may have of us.

Respectfully Submitted  
Jeffrey Nowling  
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